

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Woburn Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: October 20, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule assumes payments are made September 1 each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a 7.50% investment return assumption (the same assumption as used in the January 1, 2018 actuarial valuation). We have generally recommended an assumption of 7.00% to 7.15% for our 2020 actuarial valuations. For comparison, there are 55 systems that currently use an assumption of 7.25% or lower. There are 13 systems using an assumption greater than 7.25% but less than 7.50%. The 7.50% assumption is at the high end of our reasonable range for this assumption as of January 1, 2020.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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## Section V - Contributions Payable Under the System (continued)

### Pension Reform Act - Section 22D Funding Requirements

Fiscal Year Ending	Payroll <sup>1</sup>	Unfunded Accrued Liability <sup>2</sup>	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio % <sup>2</sup>
2021	29,406,301	98,177,997	2,651,727	1,967,187	7,104,507	9,071,694	30.8%	61.1%
2022	30,582,553	98,325,235	2,776,687	2,007,675	9,051,693	11,059,368	36.2%	62.2%
2023	31,805,855	96,420,125	2,907,400	2,060,881	9,413,760	11,474,641	36.1%	64.0%
2024	33,078,089	94,000,953	3,044,128	2,115,194	9,790,310	11,905,504	36.0%	65.6%
2025	34,401,213	91,014,316	3,187,143	2,170,622	10,181,923	12,352,545	35.9%	67.9%
2026	35,777,262	87,402,212	3,336,727	2,227,171	10,589,200	12,816,371	35.8%	69.8%
2027	37,208,352	83,101,673	3,493,180	2,284,840	11,012,768	13,297,608	35.7%	71.9%
2028	38,696,686	78,044,366	3,656,809	2,343,633	11,453,278	13,796,911	35.7%	74.2%
2029	40,244,553	72,156,163	3,827,940	2,403,548	11,911,410	14,314,958	35.6%	76.6%
2030	41,854,335	65,356,683	4,006,911	2,464,584	12,387,865	14,852,449	35.5%	79.2%
2031	43,528,508	57,558,796	4,194,074	2,526,737	12,883,380	15,410,117	35.4%	82.1%
2032	45,269,648	48,668,082	4,389,800	2,590,001	13,398,716	15,988,717	35.3%	85.2%
2033	47,080,434	38,582,259	4,594,473	2,654,367	13,934,665	16,589,032	35.2%	88.5%
2034	48,963,651	27,190,562	4,808,496	2,719,827	14,492,051	17,211,878	35.2%	92.0%
2035	50,922,197	14,373,073	5,032,290	2,786,366	15,071,734	17,858,100	35.1%	95.9%
2036	52,959,085	0	5,266,294	2,853,969	0	2,853,969	5.4%	100.0%
2037	55,077,448	0	5,510,966	2,922,617	0	2,922,617	5.3%	100.0%
2038	57,280,546	0	5,766,786	2,992,289	0	2,992,289	5.2%	100.0%
2039	59,571,768	0	6,034,255	3,062,959	0	3,062,959	5.1%	100.0%
2040	61,954,639	0	6,313,894	3,134,599	0	3,134,599	5.1%	100.0%
2041	64,432,825	0	6,606,249	3,207,177	0	3,207,177	5.0%	100.0%
2042	67,010,138	0	6,911,890	3,280,657	0	3,280,657	4.9%	100.0%
2043	69,690,544	0	7,231,413	3,354,997	0	3,354,997	4.8%	100.0%
2044	72,478,166	0	7,565,438	3,430,152	0	3,430,152	4.7%	100.0%
2045	75,377,293	0	7,914,616	3,506,071	0	3,506,071	4.7%	100.0%
2046	78,392,385	0	8,231,200	3,633,515	0	3,633,515	4.6%	100.0%
2047	81,528,080	0	8,560,448	3,765,673	0	3,765,673	4.6%	100.0%
2048	84,789,203	0	8,902,866	3,902,721	0	3,902,721	4.6%	100.0%
2049	88,180,771	0	9,258,981	4,044,844	0	4,044,844	4.6%	100.0%
2050	91,708,002	0	9,629,340	4,192,232	0	4,192,232	4.6%	100.0%
2051	95,376,322	0	10,014,514	4,345,083	0	4,345,083	4.6%	100.0%

<sup>1</sup>Calendar year basis

<sup>2</sup>As of preceding January 1